

**LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan**

**FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION**

Year Ended March 31, 2008

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Laingsburg, Sciota, Woodhull ESA	County Shiawassee & Clinton
Fiscal Year End March 31, 2008	Opinion Date June 16, 2008	Date Audit Report Submitted to State June 17, 2008	

We affirm that:


We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
		Zip 48707	
Authorizing CPA Signature 	Printed Name Mark J. Campbell		License Number 1101007803

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	2-4
Basic Financial Statements:	
Government-wide Financial Statements:	
Government-wide Statement of Net Assets	5
Government-wide Statement of Activities	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	7
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9-10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Notes to Financial Statements	12-16
Required Supplemental Information:	
Budgetary Comparison Schedule – Fire Fund	17
Budgetary Comparison Schedule – Ambulance Fund	18

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

INDEPENDENT AUDITOR'S REPORT

June 16, 2008

To the Authority Commission
Laingsburg, Sciota, Woodhull Emergency Services Authority
Shiawassee and Clinton Counties, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Laingsburg, Sciota, Woodhull Emergency Services Authority, Shiawassee and Clinton Counties, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Laingsburg, Sciota, Woodhull Emergency Services Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Laingsburg, Sciota, Woodhull Emergency Services Authority, Shiawassee and Clinton Counties, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended March 31, 2008

The Management's Discussion and Analysis report of the LSW Emergency Services Authority ("the Authority") covers the Authority's financial performance during the year ended March 31, 2008. The Authority has two divisions, the Fire Division and the Ambulance Division.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2008, totaled \$1,540,855.34 for governmental activities.

Overall revenues were \$530,394.91. The Ambulance Division generated \$303,909.21 while the Fire Division generated \$226,485.70. Governmental activities had a \$66,666.80 increase in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Authority and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Authority in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Authority as a whole using accounting methods used by private companies. The statement of net assets includes all of the Authority's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Authority are reported as governmental activities. These include the Ambulance Fund and the Fire Fund.

**LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan**

CONDENSED FINANCIAL INFORMATION
For the year ended March 31, 2008

	<u>Total Governmental Activities 2007</u>	<u>Total Governmental Activities 2008</u>
Current Assets	523 712	572 460
Capital Assets	<u>1 027 180</u>	<u>982 390</u>
Total Assets	<u>1 550 892</u>	<u>1 554 850</u>
Current Liabilities	12 319	13 994
Non-current Liabilities	<u>64 385</u>	<u>-</u>
Total Liabilities	<u>76 704</u>	<u>13 994</u>
Net Assets:		
Invested in Capital Assets	962 796	982 390
Unrestricted	<u>511 393</u>	<u>558 465</u>
Total Net Assets	<u>1 474 189</u>	<u>1 540 855</u>

	<u>Total Governmental Activities 2007</u>	<u>Total Governmental Activities 2008</u>
Program Revenues:		
Fees and Charges for Services	168 272	184 303
Operating Grants and Contributions	93 081	-
General Revenues:		
Appropriations From Other Local Units	321 073	325 408
Interest	9 656	8 629
Miscellaneous	<u>22 905</u>	<u>12 054</u>
Total Revenues	<u>614 987</u>	<u>530 394</u>
Program Expenses:		
Public Safety	446 489	462 181
Interest on Long-Term Debt	<u>3 556</u>	<u>1 547</u>
Total Expenses	<u>450 045</u>	<u>463 728</u>
Increase in Net Assets	164 942	66 666
Net Assets, April 1	<u>1 309 247</u>	<u>1 474 189</u>
Net Assets, March 31	<u>1 474 189</u>	<u>1 540 855</u>

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Authority's funds, focusing on significant (major) funds not the Authority as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Authority also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Authority has the following types of funds:

Governmental funds: All of the Authority's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Authority's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Authority's governmental activities include the Ambulance Fund and the Fire Fund.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

Our cash position is strong. The Authority owns the land, building, and equipment free of debt or obligation.

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

The Ambulance Fund pays for all of the Authority's ambulance operations which totaled \$303,871.63.

The Fire Fund pays for all of the Authority's fire operations which totaled \$179,450.66.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Authority's governmental activities invested \$0 in capital assets.

The Authority's governmental activities paid \$64,384.39 of principal on contracts payable.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The Authority's revenue is based on taxable value and households, both of which continue to increase.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Authorities finances and to demonstrate the Authority's accountability for the revenues it receives. If you have any questions concerning this report please contact the Authority's Chairman at 7425 Woodbury Road, Laingsburg, Michigan or by calling 517-651-2638.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	482 306 65
Petty cash	150 00
Accounts receivable	53 748 68
Prepaid expense	<u>36 254 00</u>
Total Current Assets	<u>572 459 33</u>
NON-CURRENT ASSETS:	
Capital Assets	1 502 150 90
Less: Accumulated Depreciation	<u>(519 760 61)</u>
Total Non-current Assets	<u>982 390 29</u>
TOTAL ASSETS	<u><u>1 554 849 62</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	1 906 95
Accrued wages	<u>12 087 33</u>
Total Current Liabilities	<u>13 994 28</u>
NON-CURRENT LIABILITIES:	
Contracts payable	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>13 994 28</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	982 390 29
Unrestricted	<u>558 465 05</u>
Total Net Assets	<u>1 540 855 34</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1 554 849 62</u></u>

The accompanying notes are an integral part of these financial statements.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Public safety	462 181 36	184 303 17	(277 878 19)
Interest on long-term debt	<u>1 546 75</u>	<u>-</u>	<u>(1 546 75)</u>
Total Governmental Activities	<u><u>463 728 11</u></u>	<u><u>184 303 17</u></u>	<u><u>(279 424 94)</u></u>
General Revenues:			
Appropriations from other local units			325 408 59
Interest			8 629 15
Miscellaneous			<u>12 054 00</u>
Total General Revenues			<u><u>346 091 74</u></u>
Change in net assets			66 666 80
Net assets, beginning of year			<u><u>1 474 188 54</u></u>
Net Assets, End of Year			<u><u><u>1 540 855 34</u></u></u>

The accompanying notes are an integral part of these financial statements.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2008

	<u>Fire</u>	<u>Ambulance</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank	266 586 70	215 719 95	482 306 65
Petty cash	150 00	-	150 00
Accounts receivable	10 443 78	43 304 90	53 748 68
Prepaid expense	<u>24 017 01</u>	<u>12 236 99</u>	<u>36 254 00</u>
Total Assets	<u>301 197 49</u>	<u>271 261 84</u>	<u>572 459 33</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts payable	-	1 906 95	1 906 95
Accrued wages	<u>-</u>	<u>12 087 33</u>	<u>12 087 33</u>
Total liabilities	<u>-</u>	<u>13 994 28</u>	<u>13 994 28</u>
Fund equity:			
Fund balances:			
Unreserved:			
Undesignated	<u>301 197 49</u>	<u>257 267 56</u>	<u>558 465 05</u>
Total fund equity	<u>301 197 49</u>	<u>257 267 56</u>	<u>558 465 05</u>
Total Liabilities and Fund Equity	<u>301 197 49</u>	<u>271 261 84</u>	<u>572 459 33</u>

The accompanying notes are an integral part of these financial statements.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	558 465 05
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	1 502 150 90
Accumulated depreciation	(519 760 61)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds	-
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>1 540 855 34</u>

The accompanying notes are an integral part of these financial statements.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2008

	<u>Fire</u>	<u>Ambulance</u>	<u>Total</u>
Revenues:			
Appropriations from other local units:			
City of Laingsburg	23 470 50	24 077 30	47 547 80
Township of Sciota	47 003 15	28 755 00	75 758 15
Township of Woodhull	126 141 48	65 927 91	192 069 39
Township of Bennington	10 033 25	-	10 033 25
Charges for services	1 993 53	182 309 64	184 303 17
Interest	5 895 79	2 733 36	8 629 15
Miscellaneous	11 948 00	106 00	12 054 00
Total revenues	<u>226 485 70</u>	<u>303 909 21</u>	<u>530 394 91</u>
Expenditures:			
Public safety:			
Commission wages	1 360 00	-	1 360 00
Operating wages	27 981 00	176 267 82	204 248 82
Officers	9 300 00	-	9 300 00
Secretary	3 000 00	-	3 000 00
Payroll taxes	3 185 53	13 337 11	16 522 64
Office supplies	1 408 82	1 258 92	2 667 74
Operating supplies	14 331 73	7 228 84	21 560 57
Uniforms	7 049 10	-	7 049 10
Professional services	2 325 00	17 632 28	19 957 28
Memberships and dues	390 00	175 00	565 00
Physicals	64 00	128 00	192 00
Telephone	2 704 06	770 93	3 474 99
Radio maintenance	5 951 17	1 032 00	6 983 17
Transportation	1 565 96	103 61	1 669 57
Gasoline	7 400 55	4 724 03	12 124 58
Printing	94 00	-	94 00
Insurance	27 538 17	21 049 83	48 588 00
Utilities	13 576 75	3 362 44	16 939 19
Equipment maintenance	4 778 03	1 134 90	5 912 93
Vehicle maintenance	11 866 44	3 077 47	14 943 91
Building expense	5 982 62	3 600 00	9 582 62
Snow plowing	3 335 00	-	3 335 00
Training	2 339 09	1 541 00	3 880 09
Miscellaneous	539 15	2 900 80	3 439 95
Debt service	21 384 49	44 546 65	65 931 14
Total expenditures	<u>179 450 66</u>	<u>303 871 63</u>	<u>483 322 29</u>
Excess (deficiency) of revenues over expenditures	<u>47 035 04</u>	<u>37 58</u>	<u>47 072 62</u>

The accompanying notes are an integral part of these financial statements.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2008

	<u>Fire</u>	<u>Ambulance</u>	<u>Total</u>
Other financing sources (uses):			
Transfers in	-	44 546 65	44 546 65
Transfers out	<u>(44 546 65)</u>	<u>-</u>	<u>(44 546 65)</u>
Total other financing sources (uses)	<u>(44 546 65)</u>	<u>44 546 65</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	2 488 39	44 584 23	47 072 62
Fund balances, April 1	<u>298 709 10</u>	<u>212 683 33</u>	<u>511 392 43</u>
Fund Balances, March 31	<u><u>301 197 49</u></u>	<u><u>257 267 56</u></u>	<u><u>558 465 05</u></u>

The accompanying notes are an integral part of these financial statements.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	47 072 62
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(44 790 21)
Capital Outlay	-

Repayment of debt principal is an expenditure in the governmental funds, the
repayment does not have an effect in the statement of activities but does
reduce the debt balance in the statement of net assets.

Principal payments on long-term debt	<u>64 384 39</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>66 666 80</u></u>
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The accompanying notes are an integral part of these financial statements.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Laingsburg, Sciota, Woodhull Emergency Services Authority, Shiawassee and Clinton Counties, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Authority contain all the Authority funds that are controlled by or dependent on the Authority's executive or legislative branches.

The reporting entity is the Laingsburg, Sciota, Woodhull Emergency Services Authority. The Authority is governed by an appointed Commission. As required by generally accepted accounting principles, these financial statements present the Authority as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Authority's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Authority reports two funds, the Fire Fund and the Ambulance Fund.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Authority. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

The Authority does not levy any property taxes.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Authority as assets with an initial cost of more than \$10,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	75 years
Vehicles and equipment	10-25 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Authority provides no post-employment benefits to past employees.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Authority Commission for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Authority Commission.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Authority Commission.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Authority Commission during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Authority to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Authority Commission has designated three financial institutions for the deposit of Authority funds. The investment policy adopted by the Commission in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 3 – Deposits and Investments (continued)

The Authority's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>482 306 65</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	224 061 82
Uninsured and Uncollateralized	<u>259 962 29</u>
Total Deposits	<u>484 024 11</u>

The Authority did not have any investments as of March 31, 2008.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds and the mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 4 – Capital Assets

Capital asset activity of the Authority's Governmental activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
<u>Governmental Activities:</u>				
Land	12 500 00	-	-	12 500 00
Building	450 000 00	-	-	450 000 00
Vehicles and equipment	1 084 650 90	-	(45 000 00)	1 039 650 90
Total	1 547 150 90	-	(45 000 00)	1 502 150 90
Accumulated Depreciation	(519 970 40)	(44 790 21)	45 000 00	(519 760 61)
Net Capital Assets	<u>1 027 180 50</u>	<u>(44 790 21)</u>	<u>-</u>	<u>982 390 29</u>

Note 5 – Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	Balance 4/1/07	Additions	Deductions	Balance 3/31/08
Contract payable – ambulance	43 695 55	-	43 695 55	-
Contract payable – fire truck	20 688 84	-	20 688 84	-
Total	<u>64 384 39</u>	<u>-</u>	<u>64 384 39</u>	<u>-</u>

On January 5, 2007, the Authority obtained a loan in the amount of \$56,000.00 from a bank to be used toward the purchase of an ambulance. The contract payable included interest at the rate of 4.125% per annum and was due in eight annual installments, through January 15, 2013. The principal balance was paid in full during the year ended March 31, 2008.

On April 17, 2003, the Authority obtained a loan in the amount of \$88,836.00 from a bank to be used toward the purchase of a fire truck. The contract payable included interest at the rate of 3.40% per annum and was due in five annual installments, through April 25, 2008. The principal balance was paid in full during the year ended March 31, 2008.

Note 6 – Deferred Compensation Plan

The Authority does not have a deferred compensation plan.

Note 7 – Pension Plan

The Authority does not have a pension plan.

Note 8 – Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Authority has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Appropriations from other local units:				
City of Laingsburg	25 666 00	25 666 00	23 470 50	(2 195 50)
Township of Sciota	46 728 00	46 728 00	47 003 15	275 15
Township of Woodhull	121 627 00	121 627 00	126 141 48	4 514 48
Township of Bennington	9 500 00	9 500 00	10 033 25	533 25
Charges for services	3 600 00	3 600 00	1 993 53	(1 606 47)
Interest	2 000 00	2 000 00	5 895 79	3 895 79
Miscellaneous	<u>250 00</u>	<u>250 00</u>	<u>11 948 00</u>	<u>11 698 00</u>
Total revenues	<u>209 371 00</u>	<u>209 371 00</u>	<u>226 485 70</u>	<u>17 114 70</u>
Expenditures:				
Public safety:				
Fire protection	177 371 00	212 254 00	158 066 17	(54 187 83)
Capital outlay	22 000 00	22 000 00	-	(22 000 00)
Debt service	50 000 00	50 000 00	21 384 49	(28 615 51)
Contingency	<u>160 000 00</u>	<u>125 050 00</u>	<u>-</u>	<u>(125 050 00)</u>
Total expenditures	<u>409 371 00</u>	<u>409 304 00</u>	<u>179 450 66</u>	<u>(229 853 34)</u>
Excess (deficiency) of revenues over expenditures	<u>(200 000 00)</u>	<u>(199 933 00)</u>	<u>47 035 04</u>	<u>246 968 04</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(44 546 65)</u>	<u>(44 546 65)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(44 546 65)</u>	<u>(44 546 65)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(200 000 00)</u>	<u>(199 933 00)</u>	<u>2 488 39</u>	<u>202 421 39</u>
Fund balance, April 1	<u>200 000 00</u>	<u>200 000 00</u>	<u>298 709 10</u>	<u>98 709 10</u>
Fund Balance, March 31	<u>-</u>	<u>67 00</u>	<u>301 197 49</u>	<u>301 130 49</u>

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

BUDGETARY COMPARISON SCHEDULE – AMBULANCE FUND
Year ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Appropriations from other local units:				
City of Laingsburg	24 889 00	26 562 05	24 077 30	(2 484 75)
Township of Sciota	30 870 00	31 095 00	28 755 00	(2 340 00)
Township of Woodhull	69 480 00	69 579 14	65 927 91	(3 651 23)
Charges for services	135 000 00	152 764 08	182 309 64	29 545 56
Interest	-	1 463 75	2 733 36	1 269 61
Miscellaneous	-	-	106 00	106 00
Total revenues	<u>260 239 00</u>	<u>281 464 02</u>	<u>303 909 21</u>	<u>22 445 19</u>
Expenditures:				
Public safety:				
Ambulance	281 869 00	268 413 02	259 324 98	(9 088 04)
Debt service	<u>8 370 00</u>	<u>44 547 00</u>	<u>44 546 65</u>	<u>(35)</u>
Total expenditures	<u>290 239 00</u>	<u>312 960 02</u>	<u>303 871 63</u>	<u>(9 088 39)</u>
Excess (deficiency) of revenues over expenditures	<u>(30 000 00)</u>	<u>(31 496 00)</u>	<u>37 58</u>	<u>31 533 58</u>
Other financing sources (uses):				
Transfers in	<u>25 000 00</u>	<u>44 547 00</u>	<u>44 546 65</u>	<u>(35)</u>
Total other financing sources (uses)	<u>25 000 00</u>	<u>44 547 00</u>	<u>44 546 65</u>	<u>(35)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(5 000 00)</u>	<u>13 051 00</u>	<u>44 584 23</u>	<u>31 533 23</u>
Fund balance, April 1	<u>5 000 00</u>	<u>(13 051 00)</u>	<u>212 683 33</u>	<u>225 734 33</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>257 267 56</u>	<u>257 267 56</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 16, 2008

To the Authority Commission
Laingsburg, Sciota, Woodhull Emergency Services Authority
Shiawassee and Clinton Counties, Michigan

We have audited the financial statements of the Laingsburg, Sciota, Woodhull Emergency Services Authority for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Laingsburg, Sciota, Woodhull Emergency Services Authority in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Authority Commission
Laingsburg, Sciota, Woodhull Emergency Services Authority
Shiawassee and Clinton Counties, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Authority's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Authority cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Authority Commission Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Authority's financial statements and this communication of these matters does not affect our report on the Authority's financial statements, dated March 31, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants